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TRINITY INDUSTRIES INC
Form 8-K/A
December 28, 2001

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 8-K/A No. 1

Current Report
Pursuant to Section 13 or 15(d) of The
Securities and Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): October 26, 2001

TRINITY INDUSTRIES, INC.
(Exact name of Registrant as specified in its charter)

Delaware 1-6903 75-0225040
(State of incorporation) (Commission File No.) (IRS Employer Identification No.)

2525 Stemmons Freeway, Dallas, Texas 75207-2401
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (214) 631-4420

Not Applicable
(Former name or former address, if changed since last report.)

Item 5. Other Events

- (a) Trinity Industries, Inc. (the "Company" or "Trinity") is in the process of finalizing the integration plan for its merger with Thrall Car Manufacturing Company ("Thrall"). Charges related to restructuring the railcar group as a result of the merger and certain cost reduction and other actions are presently expected to be in the range of \$50 to \$65 million, or \$0.75 to \$0.97 per share. The charges, which are primarily non-cash, will be recorded in the quarter ending December 31, 2001. Net income for the nine months ending December 31, 2001 before these charges are expected to be in the range of \$0.40 to \$0.50 per share.
- (b) Pursuant to the terms of (i) a Credit Agreement, as amended, between the Company and JP Morgan Chase Bank, as Administrative Agent, and the Lenders under the Credit Agreement, as amended, and (ii) a Term Credit Agreement between the Company and JP Morgan Chase Bank, as Administrative Agent, and the Lenders under the Term Credit Agreement,

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the Company will deliver a Security Agreement effective December 31, 2001 pursuant to which the Company and its material subsidiaries will grant to JP Morgan Chase Bank, as Collateral Agent, a valid first and prior lien on all of the accounts receivable and inventory of the Company and its material subsidiaries. In addition, on or before February 15, 2002 the Company may be required to deliver an amended and restated Security Agreement pursuant to which the Company and its material subsidiaries will grant to the Collateral Agent a valid first and prior lien on certain property, plant and equipment of the Company and its material subsidiaries.

Item 7. Financial Statements and Exhibits

(a) Financial Statements of Thrall Car Manufacturing Company

- (i) Independent auditors report.
- (ii) Consolidated Statements of Income for the Years Ended December 31, 2000 and 1999
- (iii) Consolidated Balance Sheets as of December 31, 2000 and 1999.
- (iv) Consolidated Statements of Cash Flows for the Years Ended December 31, 2000 and 1999.
- (v) Consolidated Statements of Shareholders' Investment for the Years Ended December 31, 2000 and 1999.
- (vi) Notes to Consolidated Financial Statements.
- (vii) Unaudited Consolidated Statements of Operations for the Nine Months Ended September 30, 2001 and 2000.
- (viii) Unaudited Consolidated Balance Sheet as of September 30, 2001.
- (ix) Unaudited Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2001 and 2000.
- (x) Unaudited Consolidated Statement of Shareholders' Investment for the Nine Months Ended September 30, 2001.
- (xi) Notes to Unaudited Financial Statements.

(b) Pro Forma Financial Information

On October 26, 2001, Trinity completed its merger transaction between a wholly-owned subsidiary of Trinity and privately owned Thrall. Thrall is a leading railcar manufacturer, with operations in both the United States and Europe. Under terms of the agreement, Trinity paid \$165.5 million in cash and issued 7.15 million shares of its common stock at the closing. Additional estimated amounts have been accrued related to the working capital adjustment per the merger agreement (\$18.4 million) and transaction fees (\$5.2 million). In addition, Trinity under certain circumstances has agreed to make additional payments, not to exceed \$45 million over five years, based on a formula related to annual railcar industry production levels. The unaudited pro forma condensed consolidated financial statements are based on the historical consolidated financial statements of Trinity and Thrall, adjusted to give effect to the transactions described herein.

The unaudited pro forma condensed consolidated financial statements consist of (i) an Unaudited Pro Forma Condensed Consolidated Statement of Operations for the year ended March 31, 2001; (ii) an Unaudited Pro Forma Interim Condensed

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Consolidated Statement of Operations for six months ended September 30, 2001; and (iii) a Pro Forma Condensed Consolidated Balance Sheet as of September 30, 2001. Both the Unaudited Pro Forma Condensed Consolidated Statement of Operations for the year

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ended March 31, 2001 and the Unaudited Pro Forma Interim Condensed Consolidated Statement of Operations for six months ended September 30, 2001 give effect to the merger of Thrall as if it had occurred at the beginning of their respective periods. The Pro Forma Condensed Consolidated Balance Sheet gives effect to the transaction as if it had occurred as of September 30, 2001.

The merger of Thrall and the related adjustments are described in the accompanying notes. The pro forma adjustments are based upon available information and certain assumptions that we believe are reasonable. In our opinion, all adjustments that are necessary to present fairly the pro forma data have been made. The unaudited pro forma condensed consolidated financial statements do not purport to represent what the results of operations or financial condition would actually have been had the transaction in fact occurred on such dates or to project the results of operations or financial condition for any future period or date. The unaudited pro forma condensed consolidated financial statements should be read in conjunction with the historical consolidated financial statements of Trinity and Thrall and Management's Discussion and Analysis of Financial Condition and Results of Operations. Pro Forma results do not include certain restructuring charges to be incurred by Trinity as a result of the Thrall merger. The restructuring charges will be recorded during the quarter ending December 31, 2001.

The merger of Thrall has been accounted for as a purchase and the purchase price has been allocated to the assets acquired and liabilities assumed based upon estimated fair market values. The purchase price allocation for the Thrall merger is subject to change when additional information concerning asset and liability valuations is obtained.

The historical consolidated financial statements of Trinity and Thrall were prepared in accordance with generally accepted accounting principles.

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TRINITY INDUSTRIES, INC.
Unaudited Pro Forma Condensed Consolidated Statement of Operations
(in millions)

| | Historical | | |
|----------|---|--|--------------------|
| | Trinity Industries, Inc. FYE 3/31/01 | Thrall Car Manufacturing Company FYE 12/31/00 | Pro For Adjustm |
| Revenues | \$ 1,904.3 | \$ 658.3 | \$ |

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| | | | |
|--|-----------|---------|----|
| Operating costs: | | | |
| Cost of revenues | 1,756.7 | 584.9 | |
| Selling, engineering and administrative expenses | 213.7 | 48.6 | |
| | 1,970.4 | 633.5 | |
| Operating profit (loss) | (66.1) | 24.8 | |
| Interest expense, net | 22.0 | (2.9) | |
| Other, net | 28.2 | (3.9) | |
| | 50.2 | (6.8) | |
| Income (loss) before income taxes | (116.3) | 31.6 | |
| Provision (benefit) for income taxes | (41.9) | (0.2) | |
| Net income (loss) | \$ (74.4) | \$ 31.8 | \$ |
| Net income (loss) per common share: | | | |
| Basic | \$ (1.98) | | |
| Diluted | \$ (1.98) | | |
| Weighted average number of shares outstanding: | | | |
| Basic | 37.5 | | |
| Diluted | 37.5 | | |

The accompanying notes are an integral part of the unaudited pro forma consolidated financial statements.

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TRINITY INDUSTRIES, INC. Unaudited Pro Forma Interim Condensed Consolidated Statement of Operations Six Months Ended September 30, 2001 (in millions)

| | Historical | | | |
|------------------|--------------------------|----------------------------------|-----------------------|-------------------|
| | Trinity Industries, Inc. | Thrall Car Manufacturing Company | Pro Forma Adjustments | Pro Forma Results |
| Revenues | \$ 840.5 | \$ 174.2 | \$ (1.0) a | \$ 1,013.7 |
| Operating costs: | | | | |

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| | | | | |
|---|---------|-----------|---------|---------|
| Cost of revenues | 716.6 | 166.0 | (3.5)bc | 879.1 |
| Selling, engineering and administrative expenses | 82.5 | 27.0 | -- | 109.5 |
| | 799.1 | 193.0 | (3.5) | 988.6 |
| Operating profit (loss) | 41.4 | (18.8) | 2.5 | 25.1 |
| Interest expense, net | 12.2 | 1.5 | 2.6de | 16.3 |
| Other, net (income) expense | 1.1 | (3.1) | 3.1f | 1.1 |
| | 13.3 | (1.6) | 5.7 | 17.4 |
| Income (loss) before income taxes | 28.1 | (17.2) | (3.2) | 7.7 |
| Provision (benefit) for income taxes | 10.6 | -- | (7.7)gh | 2.9 |
| Net income (loss) | \$ 17.5 | \$ (17.2) | \$ 4.5 | \$ 4.8 |
| Net income (loss) per common share: | | | | |
| Basic | \$ 0.47 | | | \$ 0.11 |
| Diluted | \$ 0.47 | | | \$ 0.11 |
| Weighted average number of shares outstanding: | | | | |
| Basic | 37.0 | | 7.2 | 44.2 |
| Diluted | 37.1 | | 7.2 | 44.3 |

The accompanying notes are an integral part of the unaudited pro forma consolidated financial statements.

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Notes to Unaudited Pro Forma Consolidated Statements of Operations

Unaudited Pro Forma Condensed Consolidated Statement of Operations for the year ended March 31, 2001 for Trinity and the year ended December 31, 2000 for Thrall

Note 1: Pro Forma Adjustments

The following pro forma adjustments have been applied to the accompanying historical condensed consolidated statement of operations of Trinity and Thrall to give effect to the Thrall merger and related financing transaction as if they had all occurred on April 1, 2000 for Trinity and January 1, 2000 for Thrall:

- Increase interest expense related to financing the cash portion of the purchase price - \$11.5 million.
- Eliminate interest income related to Thrall investments and loan portfolios not included in the transaction - \$2.9 million.

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- (c) Eliminate unrealized gains related to Thrall investments and loan portfolios not included in the transaction.
- (d) Record tax effect @ 36.0% of Thrall historical income before tax. As a qualified subsidiary of a Sub Chapter S corporation, Thrall's historical statement of operations is not required to record a federal income tax provision.
- (e) Record tax effect @ 36.0% of pro forma income before tax.

Trinity historical results for the year ended March 31, 2001 include pretax unusual charges of approximately \$173.3 million (\$110.9 million after tax) primarily related to the restructuring of Trinity's railcar operations, investment and asset write downs, litigation reserves, and other charges. Of the \$173.3 million charges, \$125.3 million is included in cost of revenues, \$15.6 million in selling, engineering and administrative expenses, and \$32.4 million in other, net.

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Unaudited Pro Forma Interim Condensed Consolidated Statement of Operations for six months ended September 30, 2001

Note 1: Pro Forma Adjustments

The following pro forma adjustments have been applied to the accompanying historical condensed consolidated statement of operations of Trinity and Thrall to give effect to the Thrall merger and related financing transaction as if they had all occurred on April 1, 2001:

- (a) Eliminate revenues from a non-rail subsidiary not included in the transaction.
- (b) Eliminate cost of revenues from the non-rail subsidiary referenced in (a) that was not included in the transaction - \$1.0 million.
- (c) Eliminate the costs of a Thrall facility not included in the transaction subsequent to it's shutdown at the end of March 2001 - \$2.5 million.
- (d) Increase interest expense related to financing the cash portion of the purchase price - \$4.1 million.
- (e) Eliminate interest expense related to Thrall investments and loan portfolios not included in the transaction - \$1.5 million.
- (f) Eliminate unrealized gains related to Thrall investments and loan portfolios not included in the transaction.
- (g) Record tax effect @ 37.5% of Thrall historical income before tax. As a qualified subsidiary of a Sub Chapter S corporation, Thrall's historical statement of operations is not required to record a federal income tax provision.
- (h) Record tax effect @ 37.5% of pro forma income before tax.

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TRINITY INDUSTRIES, INC.
Pro Forma Condensed Balance Sheet
September 30, 2001
(in millions)

| | Historical | | |
|---|--------------------------------|--|--------------------------|
| | Trinity Industries, Inc. | Thrall Car Manufacturing Company | Pro Forma Adjustments |
| ASSETS | | | |
| Cash and equivalents | \$ 3.0 | \$ 22.1 | \$ (22.1) a |
| Receivables | 241.8 | 38.5 | -- |
| Inventories | 323.0 | 32.6 | -- |
| Property, plant and equipment, at cost | 1,495.3 | 171.2 | (133.8) b |
| Less accumulated depreciation | (559.2) | (96.5) | 96.5 c |
| | 936.1 | 74.7 | (37.3) |
| Goodwill | 73.1 | 16.8 | 336.3 d |
| Other assets | 166.0 | 17.4 | (13.3) e |
| | \$ 1,743.0 | \$ 202.1 | \$ 263.6 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | |
| Bank debt | \$ 409.0 | \$ -- | \$ 165.5 f |
| Accounts payable and accrued liabilities | 364.7 | 77.5 | 39.3 g |
| Long-term debt | 24.2 | 13.6 | (13.6) h |
| Deferred income taxes | 26.4 | -- | -- |
| Other liabilities | 37.3 | -- | -- |
| Stockholders' equity | 881.4 | 111.0 | 72.4 i |
| | \$ 1,743.0 | \$ 202.1 | \$ 263.6 |

The accompanying notes are an integral part of the unaudited pro forma consolidated financial statements.

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The following pro forma adjustments have been applied to the accompanying historical balance sheet of Trinity and Thrall to give effect to merger and financing transaction as if they had occurred on September 30, 2001.

Note 1. Merger

A summary of the purchase price and related preliminary purchase price allocation follows:

| | |
|---|----------|
| Cash paid at closing | \$ 165.5 |
| Estimated cash adjustment for working capital | 18.4 |
| Stock issued at closing (7.15 million shares) | 183.4 |
| Estimated transaction fees | 5.2 |
| | ----- |
| Aggregate purchase price | 372.5 |
| Book value of Thrall net assets acquired | (63.0) |
| | ----- |
| | 309.5 |
| Adjustments to record assets and liabilities at fair market values: (a) | |
| Severance, facility closing expenses, other exit costs to be incurred in connection with the merger, and other accrued liabilities and reserves | 36.2 |
| Intangible assets - patents | (2.9) |
| Railcar contract reserves | 6.3 |
| Warranty and other | 4.0 |
| | ----- |
| Goodwill related to Thrall acquisition | \$ 353.1 |
| | ===== |

The aggregate purchase price has been allocated as of September 30, 2001 to the net assets acquired on the basis of preliminary estimates of fair values as follows (in millions):

| | |
|--|----------|
| Receivables and inventory | \$ 71.1 |
| Property, plant and equipment | 37.4 |
| Other assets | 4.1 |
| Accounts payable and accrued liabilities | (93.2) |
| Goodwill | 353.1 |
| | ----- |
| | \$ 372.5 |
| | ===== |

- (a) Upon completion of the analysis of the fair values of the acquired assets and liabilities, the allocation of the purchase price may differ from that presented above. Other assets may be identified that would require allocation of a portion of the purchase price.

Note 2. Pro Forma Adjustments to Unaudited Condensed Consolidated Balance Sheet

| | |
|--|-----------|
| (a) Thrall cash not included in purchase | \$ (22.1) |
| | ===== |

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| | | |
|-----|--|--------------------------------|
| (b) | <p>Changes in property, plant and equipment, at cost are:</p> <p>Adjustment for facility not included in transaction \$ (32.7)</p> <p>Adjustment to record write-down of Thrall fixed assets to fair value (25.8)</p> <p>Reclassification of historical accumulated depreciation..... (75.3)</p> | |
| | <p>Total adjustments to property, plant and equipment</p> | <p>\$ (133.8)</p> <p>=====</p> |
| (c) | <p>Changes in accumulated depreciation are:</p> <p>Adjustment for facility not included in transaction \$ 21.2</p> <p>Reclassification of historical accumulated depreciation..... 75.3</p> | |
| | <p>Total adjustments to accumulated depreciation</p> | <p>\$ 96.5</p> <p>=====</p> |
| (d) | <p>Changes in goodwill are:</p> <p>Goodwill related to Thrall acquisition \$ 353.1</p> <p>Eliminate Thrall historical goodwill (16.8)</p> | |
| | <p>Net adjustments to goodwill</p> | <p>\$ 336.3</p> <p>=====</p> |
| (e) | <p>Changes in other assets are:</p> <p>Purchase price adjustment to record intangible assets acquired \$ 2.9</p> <p>Other assets not included in transaction (16.2)</p> | |
| | <p>Net adjustments to other assets</p> | <p>\$ (13.3)</p> <p>=====</p> |
| (f) | <p>Borrowings to fund cash portion of purchase price</p> | <p>\$ 165.5</p> <p>=====</p> |
| (g) | <p>Changes in accounts payable and accrued liabilities are:</p> <p>Accrued liabilities not assumed in transaction \$ (5.0)</p> <p>Estimated transaction fees 5.2</p> <p>Estimated adjustment for working capital 18.4</p> <p>To record liabilities assumed for severance, exit costs, warranty, and other 20.7</p> | |
| | <p>Total adjustments to accounts payable and accrued liabilities</p> | <p>\$ 39.3</p> <p>=====</p> |
| (h) | <p>Long-term debt not assumed in transaction</p> | <p>\$ (13.6)</p> <p>=====</p> |
| (i) | <p>Changes in stockholders' equity are:</p> <p>Effect of excluding certain assets, liabilities and a facility in the transaction \$ (48.0)</p> <p>Common stock issued as portion of purchase price - 7,150,000 shares @\$25.65 183.4</p> <p>Elimination of Book value of Thrall net assets acquired (63.0)</p> | |

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Total adjustments to stockholders' equity

\$ 72.4
=====

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Item 7 - continued

(c) Exhibits

Exhibit

Number

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Description

Consent of Independent Auditors

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Trinity Industries, Inc.

By: /s/ Jim S. Ivy

Jim S. Ivy

Vice President and

Chief Financial Officer

December 28, 2001

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Consolidated Financial Statements of Thrall Car Manufacturing Company:

AUDITED

Report of Arthur Andersen LLP, Independent

Public Accountants. F-2

Consolidated Statements of Income for the Years Ended

December 31, 2000 and 1999. F-3

Consolidated Balance Sheets as of December 31, 2000

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders of
Thrall Car Manufacturing Company:

We have audited the accompanying consolidated balance sheets of THRALL CAR MANUFACTURING COMPANY (an Illinois corporation) AND SUBSIDIARIES as of December 31, 2000 and 1999, and the related consolidated statements of income, cash flows and shareholders' investment for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Thrall Car Manufacturing Company and Subsidiaries as of December 31, 2000 and 1999, and the results of their operations and their cash flows for the years then ended, in

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conformity with accounting principles generally accepted in the United States.

Arthur Andersen LLP

Chicago, Illinois
March 2, 2001

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THRALL CAR MANUFACTURING COMPANY AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

(DOLLARS IN THOUSANDS)

| | 2000 | 1999 |
|--------------------------------------|------------|------------|
| | ----- | ----- |
| NET SALES | \$ 658,290 | \$ 736,646 |
| COST OF SALES | 584,890 | 619,581 |
| | ----- | ----- |
| GROSS PROFIT | 73,400 | 117,065 |
| SELLING AND ADMINISTRATIVE EXPENSES | 40,915 | 50,128 |
| MANAGEMENT FEES | 7,680 | 6,942 |
| | ----- | ----- |
| OPERATING INCOME | 24,805 | 59,995 |
| OTHER INCOME (EXPENSE): | | |
| Interest expense | (7,669) | (4,183) |
| Interest income | 10,597 | 6,098 |
| Other, net | 3,832 | 5,209 |
| | ----- | ----- |
| Other income, net | 6,760 | 7,124 |
| | ----- | ----- |
| INCOME BEFORE TAXES | 31,565 | 67,119 |
| STATE INCOME TAX BENEFIT (PROVISION) | 204 | (793) |
| | ----- | ----- |
| NET INCOME | \$ 31,769 | \$ 66,326 |
| | ===== | ===== |

The accompanying notes to consolidated financial statements
are an integral part of these statements.

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THRALL CAR MANUFACTURING COMPANY
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

AS OF DECEMBER 31, 2000 AND 1999

(DOLLARS IN THOUSANDS, EXCEPT SHARE AMOUNTS)

| ASSETS | 2000 | 1999 |
|---|------------|------------|
| | ----- | ----- |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 28,758 | \$ 45,100 |
| Short-term investments | 129,100 | 131,100 |
| Accounts receivable (net of allowance for doubtful accounts of \$75 in 2000 and \$140 in 1999) | 25,735 | 25,735 |
| Inventories, net | 38,582 | 29,100 |
| Prepaid expenses and other current assets | 10,366 | 9,100 |
| | ----- | ----- |
| Total current assets | 232,541 | 242,135 |
| PROPERTY, PLANT AND EQUIPMENT, net of accumulated depreciation of \$88,745 in 2000 and \$78,804 in 1999 | 81,076 | 71,076 |
| INTANGIBLE ASSETS, net of accumulated amortization of \$1,207 in 2000 and \$777 in 1999 | 18,216 | 6,100 |
| OTHER ASSETS | 2,362 | 2,100 |
| ADVANCES AND NOTES RECEIVABLE DUE FROM RELATED PARTIES | 41,508 | 36,100 |
| | ----- | ----- |
| TOTAL ASSETS | \$ 375,703 | \$ 359,511 |
| | ===== | ===== |

The accompanying notes to consolidated financial statements are an integral part of these balance sheets.

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THRALL CAR MANUFACTURING COMPANY
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

AS OF DECEMBER 31, 2000 AND 1999

(DOLLARS IN THOUSANDS, EXCEPT SHARE AMOUNTS)

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| LIABILITIES AND SHAREHOLDERS' INVESTMENT | 2000 | 1999 |
|--|------------|------------|
| | ----- | ----- |
| CURRENT LIABILITIES: | | |
| Bank overdrafts | \$ 13,534 | \$ 8,836 |
| Accounts payable | 44,384 | 42,733 |
| Current maturities of long-term debt | 87 | - |
| Accrued expenses | 42,555 | 35,884 |
| | ----- | ----- |
| Total current liabilities | 100,560 | 87,453 |
| ADVANCE DUE TO RELATED PARTY | 5,761 | 8,862 |
| LONG-TERM DEBT, less current maturities | 113,583 | 113,378 |
| OTHER LIABILITIES | 31 | 42 |
| SHAREHOLDERS' INVESTMENT: | | |
| Common stock, \$.01 par value; 10,000 shares authorized; 8,080 shares issued and outstanding | -- | -- |
| Additional paid-in capital | 23,464 | 23,464 |
| Foreign currency translation adjustment | (615) | (251) |
| Retained earnings | 132,919 | 126,616 |
| | ----- | ----- |
| Total shareholders' investment | 155,768 | 149,829 |
| | ----- | ----- |
| TOTAL LIABILITIES AND SHAREHOLDERS' INVESTMENT | \$ 375,703 | \$ 359,564 |
| | ===== | ===== |

The accompanying notes to consolidated financial statements are an integral part of these balance sheets.

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THRALL CAR MANUFACTURING COMPANY AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

(DOLLARS IN THOUSANDS)

| | 2000 | |
|---|-----------|-----|
| | ----- | --- |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | \$ 31,769 | \$ |
| Adjustments to net income-- | | |
| Depreciation and amortization | 10,371 | |
| Changes in assets and liabilities, net of the effect of business acquisitions-- | | |
| Receivables | 3,932 | |

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| | | |
|--|-----------|-------|
| Inventories | (6,000) | |
| Prepaid expenses and other current assets | 298 | |
| Accounts payable and accrued expenses | (142) | |
| Other liabilities | (11) | |
| | ----- | ---- |
| Net cash provided by operating activities | 40,217 | |
| | ----- | ---- |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Acquisition of business | (9,680) | |
| Change in short-term investments | 2,876 | (|
| Change in advances and term note due from related parties (includes noncash transactions) | (20,221) | |
| Additions to property, plant and equipment, net of the effect of business acquisitions | (5,842) | |
| Change in other assets | (650) | |
| | ----- | ---- |
| Net cash used in investing activities | (33,517) | (|
| | ----- | ---- |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Change in advance due to related party | (3,101) | |
| Change in long term debt | 292 | |
| Dividends (includes noncash transactions) | (25,466) | |
| | ----- | ---- |
| Net cash (used in) provided by financing activities | (28,275) | |
| | ----- | ---- |
| Effect of exchange rate change on cash and cash equivalents | (364) | |
| | ----- | ---- |
| Net cash flow | (21,939) | |
| CASH AND CASH EQUIVALENTS, net of bank overdraft, beginning of year | 37,163 | |
| | ----- | ---- |
| CASH AND CASH EQUIVALENTS, net of bank overdraft, end of year | \$ 15,224 | \$ |
| | ===== | ===== |

The accompanying notes to consolidated financial statements
are an integral part of these statements.

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THRALL CAR MANUFACTURING COMPANY
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' INVESTMENT

FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

(DOLLARS IN THOUSANDS)

ADDITIONAL

FOREIGN

COMPR

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| | SHARES | COMMON STOCK | PAID-IN CAPITAL | CURRENCY TRANSLATION | RETAINED EARNINGS | HENSI INCOM |
|--|--------|-----------------|--------------------|-------------------------|----------------------|-----------------|
| | ----- | ----- | ----- | ----- | ----- | ----- |
| December 31, 1998 | 8,080 | \$ -- | \$ 23,464 | \$ (319) | \$116,516 | |
| Net income | -- | -- | -- | -- | 66,326 | \$66,3 |
| Foreign currency translation | -- | -- | -- | 68 | -- | |
| Dividends--cash (\$4.84 per share) | -- | -- | -- | -- | (39,136) | |
| Dividends--noncash (\$2.12 per share) | -- | -- | -- | -- | (17,090) | |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Comprehensive income | | | | | | \$66,3 ===== |
| December 31, 1999 | 8,080 | \$ -- | \$ 23,464 | \$ (251) | \$126,616 | |
| Net income | -- | -- | -- | -- | 31,769 | \$31,7 |
| Foreign currency translation | -- | -- | -- | (364) | -- | (3 |
| Dividends--cash (\$3.15 per share) | -- | -- | -- | -- | (25,466) | |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Comprehensive income | | | | | | \$31,4 ===== |
| December 31, 2000 | 8,080 | \$ -- | \$ 23,464 | \$ (615) | \$132,919 | |
| | ===== | ===== | ===== | ===== | ===== | |

The accompanying notes to consolidated financial statements
are an integral part of these statements.

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THRALL CAR MANUFACTURING COMPANY
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2000 AND 1999

(DOLLARS IN THOUSANDS)

1. BASIS OF PRESENTATION

CORPORATE ORGANIZATION AND BUSINESS DESCRIPTION

Thrall Car Manufacturing Company ("TCMC") and its subsidiaries (the "Company"), a Sub-Chapter S corporation incorporated in Illinois, are engaged in the manufacturing of railroad freight cars and associated products and services.

The Company's world headquarters is located in Chicago Heights, Illinois, and the Company has U.S manufacturing operations in Chicago Heights, IL, Cartersville, GA, Winder, GA, Clinton, IL, a parts operation in Harvey, IL and has international operations in the United Kingdom and the Czech Republic.

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2. SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of TCMC and its subsidiaries. All significant intercompany transactions have been eliminated.

CASH AND CASH EQUIVALENTS

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

SHORT-TERM INVESTMENTS

The Company's short-term investments are comprised of fixed income and equity securities, which are all classified as trading securities and are carried at fair market value. Net realized and unrealized gains and losses on trading securities are included in net earnings for the period. In determining realized gains or losses, the cost of securities sold is based on the specific identification method.

REVENUE RECOGNITION

The Company recognizes revenue when title passes to the customer, cars are certified or services are provided.

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RESEARCH AND DEVELOPMENT

Expenses for research and development are charged to income as incurred. Such expenses were \$3,409 and \$2,598 for 2000 and 1999, respectively.

INVENTORIES

Inventories are stated at the lower of cost or market. Inventory costs include material, labor, and factory overhead. Cost is determined using the last-in, first-out ("LIFO") method for the Company's domestic operations and represents approximately 79.8% and 81.7% of inventories at December 31, 2000 and 1999, respectively. Foreign inventories use the first-in, first-out ("FIFO") cost method.

Inventory reserves are primarily reserves for inventory shrink and excess & obsolete inventory. Such reserves are determined on a location-by-location basis. Shrink reserves are based on historical experience and excess & obsolete reserves are determined on a specific identification basis. Such reserves are based on the carrying cost of the related inventory.

PROPERTY PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost less accumulated depreciation. Expenditures for maintenance and repairs are charged directly against income. When properties are retired or otherwise disposed of, the original cost and accumulated depreciation are removed from the respective accounts and the profit or loss resulting from the disposal is reflected in income. Major renewals and betterments are capitalized.

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It is the Company's policy to depreciate the cost of property, plant and equipment over the estimated useful lives of the assets primarily using the straight-line method. The estimated useful lives are as follows:

| ASSET DESCRIPTION | LIFE |
|--------------------------------------|-------------|
| ----- | ----- |
| Buildings and leasehold improvements | 10-30 years |
| Machinery and equipment | 5-12 years |
| | ===== |

GOODWILL & OTHER INTANGIBLE ASSETS

Intangible assets primarily consist of goodwill and patents. Goodwill represents the excess of the cost of purchased businesses over the fair value of their net assets acquired. Goodwill and patents are being amortized using the straight-line method over 15 years.

LONG-LIVED ASSETS

The Company continually evaluates whether circumstances have occurred that indicate the remaining estimated useful life of its long-lived assets may warrant revision or that the remaining balance of such assets may not be recoverable. When factors indicate that such assets should be evaluated for possible impairment, the Company uses an estimate of the undiscounted cash flows over the remaining life of the asset in measuring whether the asset is recoverable.

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PRODUCT WARRANTY

Product warranty costs include labor and material costs associated with repairs through the end of the expressed warranty period, generally one-year. These costs are accrued considering historical warranty cost experience and a periodic assessment of expected warranty costs associated with each sale.

Unreimbursed costs to repair equipment after the warranty period are incurred solely at the discretion of management and are expensed as incurred.

WORKERS' COMPENSATION AND PRODUCT AND GENERAL LIABILITY COSTS

The financial statements include estimated costs, including costs not reimbursable under insurance contracts, of settling workers' compensation and product and general liability claims. These estimates are determined from historical claims incurred experience, using actuarial computations of the estimated ultimate settlement cost of such claims, including claims incurred but not yet reported. The Company maintains stop-loss insurance provisions to mitigate severe losses related to such costs.

SIGNIFICANT CUSTOMERS

Because there are a limited number of customers (railroads, leasing

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companies and large shippers) that purchase freight cars, sales to particular customers may be significant in an individual year or years. Sales to customers that purchased greater than 10% of the Company's sales accounted for 39% (three customers) and 52% (three customers) of total revenues for the years ended December 31, 2000 and 1999, respectively. Sales are generally made on open trade credit terms. Operating revenues and the collection of receivables are substantially dependent upon the economies of the railroad industry in general.

INCOME TAXES

The Company is a Sub-Chapter S Corporation. Accordingly, federal income tax expense has not been recognized in the Company's results of operations. However, the Company does provide for state income tax expense in the consolidated statements of income. It is the Company's policy to pay dividends to its shareholders to allow for the payment of taxes related to the results of the Company's operations.

FOREIGN CURRENCY TRANSLATION

Net assets of non-U.S. subsidiaries whose functional currencies are other than the U.S. dollar are translated into U.S. dollars at current rates of exchange. Income and expense items are translated at the average exchange rate for the year. The resulting translation adjustments are recorded directly as a separate component of shareholders' investment and shown as a component of other comprehensive income. Gains and losses resulting from foreign transactions are included in the consolidated statements of income.

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DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instrument held by the Company:

CURRENT ASSETS AND CURRENT LIABILITIES--The carrying value approximates fair value due to the short maturity of these items.

LONG-TERM DEBT--The fair value of the Company's long-term debt is based on secondary market indicators. Because the Company's debt is not quoted, estimates are based on each obligation's characteristics, including remaining maturities, interest rate, credit rating, collateral, amortization schedule and liquidity. The carrying amount of the Senior Notes is approximately \$369 higher than its estimated market value.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

RECLASSIFICATIONS

Certain amounts in the 1999 financial statements and accompanying footnotes have been reclassified to conform to the current year's financial statement presentation.

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NEW ACCOUNTING STANDARDS

In 1999, the Company adopted Statement of Position 98-5, which provides guidance on the financial reporting of start-up costs and organization costs. This statement, which requires the costs of start-up activities and organization costs to be expensed as incurred, did not have a material effect on the financial statements.

In June, 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133"). SFAS No. 133 establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. SFAS No. 133 requires that changes in a derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset the related results on the hedged item in the income statement, and requires that a company must formally document, designate and assess the effectiveness of transactions that receive hedge accounting.

SFAS No. 133, as amended, is effective for all fiscal quarters of fiscal years beginning after June 15, 2000. SFAS No. 133 must be applied to (a) derivative instruments and (b) certain derivative instruments embedded in hybrid contracts that were issued, acquired or substantively modified after December 31, 1997. The Company did not have any derivative instruments that qualified for special accounting treatment under SFAS No. 133 at December 31, 2000.

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3. CORPORATE DEVELOPMENT

Thrall Europa ("TE"), a United Kingdom unlimited liability company and subsidiary of TCMC, has a five-year supply agreement with a rail freight transportation company that operates in the United Kingdom. Under the terms of this agreement, TE supplies a minimum of 500 railcars over five years, which commenced on July, 1998.

On December 9, 1999, the Company entered into an agreement with Solimar Inc. ("Solimar") to purchase the outstanding stock of Solimar for approximately \$1,500. Under a separate agreement with the previous owner, the Company acquired patents in the amount of \$650, which are being amortized over 5 years. The purchase agreement requires additional future payments to the seller.

On March 8, 2000, the Company acquired a 45% interest in Thrall Vagonka Studenka ("TVS"), a Czech Republic company, which manufactures railroad freight cars, for \$326. On December 27, 2000, the Company acquired another 49% share of the entity for \$9,354. The acquisition of TVS was accounted for under the purchase method of accounting. The results of operations of TVS were consolidated effective December 27, 2000. The value of the preliminary purchase price in excess of the fair value of the net assets of \$10,790 is being amortized over a 15-year life.

The initial allocation of purchase price to the assets and liabilities acquired is as follows:

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| ALLOCATION OF PURCHASE PRICE | |
|------------------------------|----------|
| Current assets | \$ 8,293 |
| Property & equipment | 13,680 |
| Other assets | 552 |
| Goodwill | 10,790 |
| Liabilities | (23,635) |
| | ----- |
| Total Purchase Price | \$ 9,680 |
| | ===== |

The allocation of the purchase price is subject to adjustment based on the terms of the agreement.

4. SHORT-TERM INVESTMENTS

Short-term investments are as follows at December 31:

| | 2000 | 1999 |
|-------------------|------------|------------|
| | ----- | ----- |
| Equity securities | \$ 64,305 | \$ 37,073 |
| Commercial paper | -- | 24,903 |
| Fixed income | 64,795 | 70,000 |
| | ----- | ----- |
| | \$ 129,100 | \$ 131,976 |
| | ===== | ===== |

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Gains recorded in the consolidated statements of income for the years ended December 31, 2000 and 1999 were \$3,278 and \$4,811, respectively.

5. INVENTORIES

Inventories consist of the following at December 31:

| | 2000 | 1999 |
|------------------------------------|-----------|-----------|
| | ----- | ----- |
| Finished goods and work-in-process | \$ 26,249 | \$ 19,159 |
| Raw materials | 20,682 | 18,544 |
| | ----- | ----- |
| | 46,931 | 37,703 |
| | | |
| Less - LIFO reserve | (8,349) | (8,341) |
| | ----- | ----- |
| | \$ 38,582 | \$ 29,362 |
| | ===== | ===== |

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6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following at December 31:

| | 2000 | 1999 |
|---------------------------------|-----------|-----------|
| | ----- | ----- |
| Land and buildings | \$ 72,167 | \$ 63,205 |
| Machinery and equipment | 97,654 | 87,094 |
| | ----- | ----- |
| | 169,821 | 150,299 |
| Less - Accumulated depreciation | (88,745) | (78,804) |
| | ----- | ----- |
| | \$ 81,076 | \$ 71,495 |
| | ===== | ===== |

Depreciation expense for the years ended December 31, 2000 and 1999 was \$9,941 and \$9,468, respectively.

7. INTANGIBLE ASSETS

Intangible assets consist of the following at December 31:

| | 2000 | 1999 |
|--------------------------|-----------|----------|
| | ----- | ----- |
| Goodwill | \$ 18,698 | \$ 6,509 |
| Patents | 725 | 725 |
| Accumulated amortization | (1,207) | (777) |
| | ----- | ----- |
| | \$ 18,216 | \$ 6,457 |
| | ===== | ===== |

Amortization expense as of December 31, 2000 and 1999 was \$430 and \$429, respectively.

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8. ACCRUED EXPENSES

Accrued expenses consists of the following at December 31:

| | 2000 | 1999 |
|-------------------------------------|-----------|-----------|
| | ----- | ----- |
| Accrued payroll & employee benefits | \$ 11,974 | \$ 10,883 |
| Accrued Warranty | 12,381 | 10,272 |
| Other | 18,200 | 14,729 |

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| | |
|-----------|-----------|
| ----- | ----- |
| \$ 42,555 | \$ 35,884 |
| ===== | ===== |

9. DEBT

Long-term debt consists of the following at December 31:

| | 2000 | 1999 |
|--|------------|------------|
| | ----- | ----- |
| Variable rate industrial revenue bonds | \$ 13,150 | \$ 13,150 |
| Private placement debt | 100,000 | 100,000 |
| Other | 520 | 228 |
| | ----- | ----- |
| Total | 113,670 | 113,378 |
| Less - Current maturities | 87 | -- |
| | ----- | ----- |
| Long-term debt | \$ 113,583 | \$ 113,378 |
| | ===== | ===== |

Long-term debt maturing in each of the next five years is as follows:

| | |
|------------|-----------|
| 2001 | \$ 87 |
| 2002 | 113 |
| 2003 | 153 |
| 2004 | 20,167 |
| 2005 | -- |
| Thereafter | 93,150 |
| | ----- |
| | \$113,670 |
| | ===== |

Industrial revenue bonds consist principally of variable rate debt averaging approximately 4.3% and 3.5% for 2000 and 1999, respectively. The bonds are convertible to a fixed interest rate based upon market on the conversion date. These bonds require principal repayment starting in 2008 through 2023. In connection with the industrial revenue bonds, the Company has \$13,749 of outstanding letters of credit to secure the payment of principal and interest on the bonds. Interest expense related to these instruments was \$567 and \$462 in 2000 and 1999, respectively.

On June 1, 1999, the Company entered into a \$100,000 note purchase agreement with a number of private investors. The note has four series with interest rates ranging from 6.47% to 7.02% and repayment dates from 2004 to 2014. The agreement contains warranties and covenants which, among other things, requires the maintenance of ratios related to consolidated net worth, fixed charge coverage and consolidated indebtedness. At December

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31, 2000, the Company was in compliance with all covenants. Interest expense related to these notes was \$6,811 and \$2,849 in 2000 and 1999, respectively.

On June 4, 1999, the Company entered into a new three-year \$50,000 unsecured revolving credit agreement with a group of five banks, replacing its existing credit facility of \$60,000. The agreement provides that the Company may select among interest rate options which include the London Interbank Offered Rate plus the then-applicable margin or Domestic Rate (base rate) plus the then applicable margin. The revolving credit agreement contains warranties and covenants, which, among other things, require the maintenance of ratios, related to consolidated net worth, fixed charge coverage and consolidated indebtedness. At year-end, the Company was in compliance with all covenants of the agreement. At December 31, 2000 and 1999, the Company had no outstanding borrowings under either revolving credit agreement, and no revolving credit loans were made to the Company during 2000 or 1999.

10. LEASES

The Company leases office space, certain operating and warehouse facilities, transportation equipment and manufacturing equipment under operating leases expiring in various years through 2006. Renewal options at fair market values are generally available for all leases. The total rent expense under all operating leases was \$2,830 and \$2,900 for 2000 and 1999, respectively.

Minimum future lease payments under noncancelable operating leases as of December 31, 2000 for each of the next five years are as follows:

| | |
|------------|---------|
| 2001 | \$2,202 |
| 2002 | 1,322 |
| 2003 | 996 |
| 2004 | 537 |
| 2005 | 211 |
| Thereafter | 96 |
| | ----- |
| | \$5,364 |
| | ===== |

11. RESTRUCTURING

In December 2000, the Company announced a planned reduction in work force at its Chicago Heights and Winder plants (the "Plan") to adjust its operating capacity related to decreasing customer demand. The Plan involves idling production lines at both plants. This resulted in the severing of related hourly and salary personnel identified with those lines.

As a result of the Plan, the Company recorded a charge of \$3,118 in December 2000. The charge consists of \$1,698 in severance costs to be paid to approximately 150 hourly and salaried employees and a curtailment loss of \$1,420 associated with the pension plan covering the hourly employees terminated under the plan. The curtailment loss was recorded as part of net periodic pension cost (see Note 12). The charge was accounted for in accordance with Emerging Issues Task Force Consensus 94-3, Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity.

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As of December 31, 2000 the restructuring reserve balance was \$3,118. Management expects to make all severance payments in 2001.

12. PENSION PLANS

The Company maintains defined contribution plans for all salaried employees and certain hourly employees. The Company may make profit-sharing contributions to the salaried employees' plan which are discretionary and are allocated to the participants' accounts based on years of service and compensation. The Company may also make discretionary matching contributions equal to 50% of the first 4% of a participant's salary reduction contribution. Profit-sharing contributions for the plan relating to the years ended December 31, 2000 and 1999, were \$2,956 and \$3,450, respectively.

The Company also sponsors a number of defined benefit plans covering specific union and nonunion employees. Benefits are based upon years of service and a rate negotiated by a bargaining unit, if applicable. It is the Company's policy to meet the funding requirements of the Employee Retirement Income Security Act of 1974. Plan assets consist primarily of equity and fixed income investments.

The net periodic pension cost (income), included in the Company's consolidated statements of income, for the defined benefit plans includes the following components:

| | 2000 | 1999 |
|---|---------|----------|
| | ----- | ----- |
| Service cost | \$ 748 | \$ 909 |
| Interest cost | 1,097 | 1,040 |
| Expected return on plan assets | (2,238) | (2,071) |
| Amortization of net transition assets, prior service costs and net actuarial gain | (459) | (211) |
| Recognition due to curtailment | 1,420 | -- |
| | ----- | ----- |
| Net periodic pension cost (income) | \$ 568 | \$ (333) |
| | ===== | ===== |

The assumed long-term rate of return used in determining pension cost was 9% for both 2000 and 1999. As of December 31, 2000 and 1999, the assumed discount rate used to determine the projected benefit obligation was 7.75% and 8.0%, respectively.

The status of the defined benefit pension plans is as follows at December 31:

| | 2000 | 1999 |
|--------------------|-------------|-------------|
| | ----- | ----- |
| Benefit obligation | \$ (15,140) | \$ (14,069) |

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| | | |
|--------------------------------------|----------|----------|
| Plan assets at fair value | 24,212 | 26,921 |
| | ----- | ----- |
| Funded status | 9,072 | 12,852 |
| Unrecognized net gain | (5,705) | (10,670) |
| Unrecognized prior service cost | 35 | 1,918 |
| Unrecognized net asset at transition | (605) | (764) |
| | ----- | ----- |
| Prepaid pension cost at year-end | \$ 2,797 | \$ 3,336 |
| | ===== | ===== |

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During 2000, the Company curtailed a portion of the plan as a result of a reduction in workforce at its Chicago Heights plant. The reduction in hourly employees covered by the plan resulted in a charge of \$1,420 (see Note 11).

13. SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental disclosure of cash flow information is as follows at December 31:

| | 2000 | 1999 |
|---------------------------------|--------|-----------|
| | ----- | ----- |
| Noncash transactions-- | | |
| Distribution of investment to | | |
| shareholders (see Note 15) | \$ -- | \$ 17,090 |
| Cash paid during the year for-- | | |
| Interest | 7,337 | 1,334 |
| Income taxes | \$ 824 | \$ 645 |
| | ===== | ===== |

14. CONTINGENCIES AND COMMITMENTS

From time to time, the Company is subject to claims from third parties and employees and administrative proceedings, including environmental-related matters, resulting from the conduct of its business. These matters are brought on behalf of both private persons and governmental agencies. The Company maintains an accrued liability representing its present estimate of the total cost to resolve all of these matters. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the financial position or results of operations of the Company.

15. TRANSACTIONS WITH RELATED PARTIES

The Company is a member of the Duchossois affiliated companies, whose principal members are TCMC, Duchossois Industries, Inc. ("DII"), a holding company, and Duchossois Technology Partners, L.L.C. ("DTEC"). The principal subsidiary of DII is Chamberlain Manufacturing Corporation ("CMC"), a manufacturer of consumer goods and a defense contractor. Transactions with these related parties are as follows at December 31:

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| | 2000 | 1999 |
|---|-----------|-----------|
| | ----- | ----- |
| Advances due from related parties- | | |
| Revolving note with CMC | \$ 30,000 | \$ 30,000 |
| Accrued interest on revolving note with CMC | 710 | 641 |
| Demand note receivable with DTEC | -- | 1,150 |
| Related-party receivable with DTEC | 118 | 58 |
| Notes receivable due from shareholder, including interest of \$454 and \$57 at December 31, 2000 and 1999, respectively | 10,680 | 4,609 |
| | ----- | ----- |
| Total advances due from related parties | \$ 41,508 | \$ 36,458 |
| | ===== | ===== |

The Company and CMC have a revolving demand note, which allows each entity to borrow from the other up to a maximum balance of \$50,000. Interest is payable quarterly and

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computed based on a major bank's prime rate. At December 31, 2000 and 1999, the Company had outstanding balances of \$30,000 due from CMC.

The Company and DTEC have a revolving credit demand note which allows DTEC to borrow up to \$15,000 from the Company. Interest is payable quarterly and is computed based on a major bank's prime interest rate. At December 31, 2000 and 1999, the Company had outstanding balances of \$0 and \$1,150, respectively, due from DTEC.

During 1999, the Company distributed noncash assets of \$17,090 to its shareholders.

Interest income on obligations due from related parties totaled \$3,245 and \$4,185 for 2000 and 1999, respectively, and is included in interest income.

Advance due to related party is as follows as of December 31:

| | 2000 | 1999 |
|------------------------------|----------|----------|
| | ----- | ----- |
| Payable due to CMC | \$ 5,761 | \$ 5,674 |
| Note due to affiliate | -- | 3,188 |
| | ----- | ----- |
| Payable due to related party | \$ 5,761 | \$ 8,862 |
| | ===== | ===== |

The management fees of \$7,680 and \$6,942 for 2000 and 1999, respectively, include costs of CMC, which are allocated to the Company based on a service agreement. The management fee covers legal, finance, treasury, tax, accounting, human resources and other corporate services.

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16. SEGMENT INFORMATION

Effective for the year ended December 31, 1999, the Company adopted Statement of Financial Accounting Standards No. 131, Disclosures about Segments of an Enterprise and Related Information (SFAS 131). SFAS 131 requires presentation of segment information consistent with information utilized by management for purposes of allocating resources and evaluating business performance.

Management evaluates its business based on the location of its operations: North America and Europe. Management does not evaluate its business based on product or service lines. As such, disclosure of segment information at the product or service line level is not practical. For geographic segment reporting purposes, the Company has three segments: the U.S., Great Britain and the Czech Republic.

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The following table presents required disclosures by reportable segments.

| DECEMBER 31, 2000: | RAIL CAR MANUFACTURING | | |
|-------------------------------|------------------------|-----------|------------|
| | N. AMERICA | EUROPE | TOTAL |
| Net sales, external | \$ 609,700 | \$ 48,590 | \$ 658,290 |
| Depreciation and amortization | 9,100 | 1,271 | 10,371 |
| Interest income | 10,597 | -- | 10,597 |
| Interest expense | 7,669 | -- | 7,669 |
| Income tax benefit | 204 | -- | 204 |
| Total assets | 339,300 | 36,403 | 375,703 |
| Capital expenditures | \$ 5,079 | \$ 763 | \$ 5,842 |
| DECEMBER 31, 1999: | | | |
| Net sales, external | \$ 671,380 | \$ 65,266 | \$ 736,646 |
| Depreciation and amortization | 8,623 | 1,274 | 9,897 |
| Interest income | 6,098 | -- | 6,098 |
| Interest expense | 4,183 | -- | 4,183 |
| Income tax (expense) | (793) | -- | (793) |
| Total assets | 353,812 | 5,752 | 359,564 |
| Capital expenditures | \$ 21,691 | \$ 583 | \$ 22,274 |

The following table presents required geographic information. Net sales are based on final shipment destination and long-lived assets are based on physical location. Long lived assets include property, plant and equipment, intangible assets and other assets.

| DECEMBER 31, 2000 | U.S. | GREAT BRITAIN | CZECH REPUBLIC | TOTAL |
|-------------------|-------|------------------|-------------------|-------|
| ----- | ----- | ----- | ----- | ----- |

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| | | | | |
|---------------------|-----------|----------|-----------|-----------|
| Net sales, external | \$609,700 | \$48,590 | \$ -- | \$658,290 |
| Long-lived assets | \$ 70,132 | \$ 6,500 | \$ 25,022 | \$101,654 |

DECEMBER 31, 1999

| | | | | |
|---------------------|-----------|----------|-------|-----------|
| Net sales, external | \$671,380 | \$65,266 | \$ -- | \$736,646 |
| Long-lived assets | \$ 73,222 | \$ 7,289 | \$ -- | \$ 80,511 |

17. SUBSEQUENT EVENTS (UNAUDITED)

On July 19, 2001, the Company completed a restructuring pursuant to which it became a wholly owned subsidiary of Thrall Car Management Company, Inc. ("Management"). On August 13, 2001 the Company and Trinity Industries, Inc. ("Trinity") announced that they had entered into a definitive agreement whereby the Company would merge with Trinity's railcar

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business in exchange for cash and common stock of Trinity. The merger closed on October 26, 2001.

In connection with the merger agreement, the Company repaid the \$100,000 private placement debt and related interest and other costs of \$1,094 in September 2001. To fund the payment, the Company used proceeds of \$28,138 from the sale of equity securities, \$36,360 from the sale of fixed income securities, \$29,549 of proceeds received in settlement of the revolving note receivable from CMC (see Note 15) and \$7,047 in cash and equivalents. Additionally, the Company repaid all outstanding Industrial Revenue Bonds in October 2001. Prior to completion of the merger, certain assets and liabilities of the Company were distributed to Management.

As a result of continued reductions in customer demand in 2001, the Company suspended operations in Chicago Heights and Winder and reduced its workforces in its Cartersville and Clinton facilities.

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THRALL CAR MANUFACTURING COMPANY AND SUBSIDIARIES UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001 AND 2000

(DOLLARS IN THOUSANDS)

| | 2001 | 2000 |
|-----------|------------|------------|
| | ----- | ----- |
| NET SALES | \$ 290,821 | \$ 488,888 |

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| | | |
|-------------------------------------|-------------|-----------|
| COST OF SALES | 278,281 | 435,009 |
| | ----- | ----- |
| GROSS PROFIT | 12,540 | 53,879 |
| SELLING AND ADMINISTRATIVE EXPENSES | 32,977 | 30,987 |
| MANAGEMENT FEES | 3,978 | 3,631 |
| | ----- | ----- |
| OPERATING INCOME | (24,415) | 19,261 |
| OTHER INCOME (EXPENSE): | | |
| Interest expense | (5,854) | (5,742) |
| Interest income | 4,096 | 8,390 |
| Other, net | (759) | (192) |
| | ----- | ----- |
| Other income, net | (2,517) | 2,456 |
| | ----- | ----- |
| INCOME BEFORE TAXES | \$ (26,932) | \$ 21,717 |
| | ===== | ===== |

The accompanying notes to consolidated financial statements are an integral part of these statements.

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THRALL CAR MANUFACTURING COMPANY AND SUBSIDIARIES UNAUDITED CONSOLIDATED BALANCE SHEET

AS OF SEPTEMBER 30, 2001

(DOLLARS IN THOUSANDS, EXCEPT SHARE AMOUNTS)

ASSETS

CURRENT ASSETS:

Cash and cash equivalents
Short-term investments
Accounts receivable (net of allowance for doubtful accounts of \$131)
Inventories, net
Prepaid expenses and other current assets

Total current assets

PROPERTY, PLANT AND EQUIPMENT, net of accumulated depreciation of \$96,467
INTANGIBLE ASSETS, net of accumulated amortization of \$1,913

OTHER ASSETS

ADVANCES AND NOTES RECEIVABLE DUE FROM RELATED PARTIES

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TOTAL ASSETS

\$ 2

==

LIABILITIES AND SHAREHOLDERS' INVESTMENT

CURRENT LIABILITIES:

Bank overdrafts
Accounts payable
Current maturities of long-term debt
Accrued expenses

\$

Total current liabilities

ADVANCE DUE TO RELATED PARTY

LONG-TERM DEBT, less current maturities

OTHER LIABILITIES

SHAREHOLDERS' INVESTMENT:

Common stock, \$.01 par value; 10,000 shares authorized; 8,080
shares issued and outstanding
Additional paid-in capital
Foreign currency translation adjustment
Retained earnings

Total shareholders' investment

1

TOTAL LIABILITIES AND SHAREHOLDERS' INVESTMENT

\$ 2

==

The accompanying notes to consolidated financial statements
are an integral part of these balance sheets.

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THRALL CAR MANUFACTURING COMPANY AND SUBSIDIARIES UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001 AND 2000

(DOLLARS IN THOUSANDS)

| | 2001 | 2000 |
|--|-------------|-------|
| | ----- | ----- |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | \$ (26,932) | \$ |
| Adjustments to net income-- | | |
| Depreciation and amortization | 8,428 | |
| Changes in assets and liabilities, net of the effect of business | | |
| acquisitions-- | | |
| Receivables | (12,734) | |
| Inventories | 6,004 | (|
| Prepaid expenses and other current assets | 5,410 | |
| Accounts payable and accrued expenses | (17,577) | |
| Other liabilities | (18) | |
| | ----- | ----- |
| Net cash provided by operating activities | (37,419) | |
| | ----- | ----- |

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CASH FLOWS FROM INVESTING ACTIVITIES:

| | | |
|--|---------|-------|
| Change in short-term investments | 108,702 | |
| Change in advances and term note due from related parties (includes noncash transactions) | 32,129 | (|
| Additions to property, plant and equipment, net of the effect of business acquisitions | (1,394) | |
| Change in other assets | 53 | |
| | ----- | ----- |
| Net cash used in investing activities | 139,490 | |
| | ----- | ----- |

CASH FLOWS FROM FINANCING ACTIVITIES:

| | | |
|---|-----------|-------|
| Change in advance due to related party | (5,079) | |
| Change in long term debt | (99,994) | |
| Dividends (includes noncash transactions) | (17,304) | (|
| | ----- | ----- |
| Net cash used in financing activities | (122,377) | (|
| | ----- | ----- |
| Effect of exchange rate change on cash and cash equivalents | (539) | |
| | ----- | ----- |
| Net cash flow | (20,845) | (|

| | | |
|--|------------|-------|
| CASH AND CASH EQUIVALENTS, net of bank overdraft, beginning of year | 15,224 | |
| | ----- | ----- |
| CASH AND CASH EQUIVALENTS, net of bank overdraft, end of year | \$ (5,621) | \$ |
| | ===== | ===== |

The accompanying notes to consolidated financial statements
are an integral part of these statements.

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THRALL CAR MANUFACTURING COMPANY AND SUBSIDIARIES UNAUDITED CONSOLIDATED STATEMENT OF SHAREHOLDERS' INVESTMENT

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001

(DOLLARS IN THOUSANDS)

| | SHARES | COMMON STOCK | ADDITIONAL PAID-IN CAPITAL | FOREIGN CURRENCY TRANSLATION | RETAINED EARNINGS | COMPR HENS INCOM |
|---------------------------------------|--------|-----------------|----------------------------------|------------------------------------|----------------------|------------------------|
| | ----- | ----- | ----- | ----- | ----- | ----- |
| December 31, 2000 | 8,080 | \$ -- | \$ 23,464 | \$ (615) | \$132,919 | |
| Net loss | -- | -- | -- | -- | (26,932) | \$ (26, |
| Foreign currency translation | -- | -- | -- | (539) | -- | (|
| Dividends--cash (\$2.14 per share) | -- | -- | -- | -- | (17,304) | |

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| | | | | | | |
|----------------------|-------|-------|-----------|------------|-----------|-------------|
| Comprehensive income | | | | | | \$ (27,000) |
| September 30, 2001 | 8,080 | \$ -- | \$ 23,464 | \$ (1,154) | \$ 88,683 | |

The accompanying notes to consolidated financial statements are an integral part of these statements.

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THRALL CAR MANUFACTURING COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
SEPTEMBER 30, 2001

GENERAL

The foregoing consolidated financial statements are unaudited and have been prepared from the books and records of Thrall Car Manufacturing Company ("Thrall" or the "Company"), a wholly-owned subsidiary of Duchossois Industries. In the opinion of management, all adjustments necessary for a fair presentation of the financial position of the Company as of September 30, 2001, the results of operations and cash flows for the nine months ended September 30, 2001 and 2000, in conformity with generally accepted accounting principles, have been made. These financial statements and notes are condensed as permitted by the instructions to Form 8-K, and should be read in conjunction with the audited consolidated financial statements of the Company included herein for the years ended December 31, 2000 and 1999.

CONTINGENCIES

The Company is involved in various claims and lawsuits incidental to its business. In the opinion of management, these claims and suits in the aggregate will not have a material adverse effect on the Company's consolidated financial statements.

SUBSEQUENT EVENTS

On October 26, 2001, the Company merged into a wholly-owned subsidiary of Trinity Industries, Inc. ("Trinity") pursuant to which Trinity tendered to the Company's shareholder consideration of \$165.6 million in cash (subject to an adjustment relating to the level of the Company's working capital at the closing date) and 7.15 million shares of its common stock. In addition, Trinity agreed to make additional payments, not to exceed \$45 million over five years, based on a formula related to annual railcar industry production levels. Prior to the merger, the Company repaid its \$100.0 million private placement debt and its \$13.0 million Industrial Revenue Bonds at par, and distributed to its

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shareholder certain non-operating assets including cash, investments and real estate, and the shareholder assumed specified liabilities associated with the distributed assets and with previously discontinued operations of the Company.

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INDEX TO EXHIBITS

| EXHIBIT NUMBER ----- | DESCRIPTION ----- |
|----------------------------|---------------------------------|
| 23 | Consent of Independent Auditors |